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MEMORANDUM FOR:

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Chief,  
Latin America Branch  
Office of Economic Research

(DATE)

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(11 Feb 74)

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12 FEB 1974

The American Foreign Ministers Meeting --  
Argentine Attitudes

Of the eight major points on the agenda for the upcoming American Foreign Ministers meeting, five are of a primarily economic nature. The Argentine position/attitudes likely to be taken with respect to each are summarized as follows:

A. Development Coordination

1. Argentina has long opposed discriminatory and unilateral conditions on all international economic assistance -- not just US. In particular, relations with IMF, IDB and other similar institutions have been seriously strained in the past due to unfavorable country reports and recommendations which Argentines felt ran counter to domestic political realities. Recently, Peronists have taken a conciliatory tone to sources of potential development assistance since the ambitious three year development plan will depend heavily on international assistance for its success.

2. The question of collective economic security, while finding a sympathetic audience, is unlikely to be a point of major concern other than support for nations who are concerned about US stockpile disposal policies on relevant commodities.

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3. Argentines, and Peron in particular feel that their exports should have freer access to the US market. Peron has expressed repeated concern over bilateral balances in her foreign trade and proudly pointed out that Argentina ran a trade deficit with only two countries in 1973 -- Japan and the US. At present, the major barrier to better balance in US/Argentine trade is the fact that the US is a competitor in grain exports while most Argentine meat products are banned from the US market due to the risk of disease.

4. Argentina is probably in favor of strengthening the Special Committee for Consultation and Negotiation (SCNN) but may not be overenthusiastic about a major US role.

B. Economic Coercion

While Argentina can be expected to be sympathetic to the demand against economic sanctions, it is unlikely that Peron would wish to take a hard line unless great political capital is achieved with other LA nations. More likely, Argentina will express its opinion that US veto power in international institutions has been a recurring source of conflict in US-Latin relations which hopefully would not be used in the future.

C. International Trade and Monetary System

As mentioned above, Argentina continues to pursue bilateral balances in trade and has shown some initial success in this endeavor thru new trade pacts with communist nations -- especially Cuba and the PRC. The major current Argentine concerns on trade policy stem from concern over adequate

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supplies of industrial inputs such as steel scrap. The nation at present is following a fairly protectionist import policy and blocks nearly all imports of a luxury nature.

D. Transnational Enterprises

Recent Argentine experience with multinationals has been generally good -- with a few exceptions. Peron appears to have achieved his objectives for expanded Cuban trade to include US auto subsidiaries. His position is fairly clear in that no tolerance will be allowed for multinational interference in domestic affairs. In this sense, he is more moderate than many of his countrymen who would prefer to see local interests of ITT and others expropriated at once. It is unlikely that anything resembling a threat against foreign companies will be made since this would run counter to recent extensive efforts to woo new US investment into Argentina.

E. Transfer of Technology

Argentina has recently taken a rather hard stand on royalty payments to parent companies of US subsidiaries. It now taxes these as regular corporate income and has taken a fairly strong stand that new private foreign investment must involve significant technology transfer in order to be treated on a preferential basis. Present foreign investment legislation contains priority provisions granting special consideration to new investment in areas of significant technology transfer for location in depressed regions.